

March 26, 1984

LB 457

under the old plan, are today. This bill would throw out that old lousy plan and put in the present plan for everybody for all their years of service. So it would no longer make any difference if you worked in the schools before '68 or after '68 like it does now. If you worked at any time in the schools, you would have this one formula, the 1.65 formula that would determine your benefits and not this other older plan. So that is the attempt to improve the prior service benefit for these longtime school employees. That is the second component. The third component deals with early retirement and on the early retirement benefit what we do is provide that a school employee can receive a full retirement benefit at the age of 62 after five years of service, 62 - five years of service. In addition they can receive that full retirement benefit at any age after they have served the school for 35 years or more. So if you are starting in the school as a teacher at age 22 and you work for 35 years, at the age of 57 you could retire and have a full retirement benefit. That is what this bill does. Right now you have to work to age 65 to get a full retirement benefit. The Omaha School System does provide an exception. You should keep one thing in mind as we talk about the school retirement plan. The school retirement plan is for all schools in the state except Omaha. Omaha Public Schools have their very own retirement plan. So when I talk about this retirement system, we are talking about all the schools in the state but Omaha, including any sized school, they are all in the one plan. Omaha does have this early retirement feature in their plan but as for the other schools 65 was the retirement age. That is the features, the three different features. Now, what does it all cost? The cost of the first part of the bill, that is the 10 percent benefit improvement in the formula, that is 7.7 million, that is under the actuarial study that was conducted at the request of the school board, school teachers, school administrators, associations. They jointly got an actuarial report that looked at the cost of this proposal; Okay, 7.7 million for improving the benefit by 10 percent, 6.2 million to provide for that prior service benefit improvement, that is 6.2 million to bring those people under that old retirement plan up to the same benefit level as all newer retirees would have post-1968

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